
A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR
CONDITIONING PROJECTS ON OAHU.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Act 79, Session Laws of Hawaii 2005, as amended
2 by section 1 of Act 80, Session Laws of Hawaii 2010, is amended
3 by amending sections 4 and 5 to read as follows:

4 "SECTION 4. The department of budget and finance is
5 authorized, from time to time, including times subsequent to
6 ~~[June 28, 2015,]~~ June 30, 2020, to issue special purpose revenue
7 bonds in whatever principal amounts the department shall
8 determine to be necessary to refund the special purpose revenue
9 bonds authorized in section 2 and to refund special purpose
10 revenue bonds authorized in this section, regardless of whether
11 the outstanding special purpose revenue bonds or refunding
12 special purpose revenue bonds have matured or are the subject of
13 redemption or whether the refunding special purpose revenue
14 bonds shall be bonds for the multi-project programs described in
15 section 2.



1 In making this determination, the department shall comply
2 with federal law relating to the exemption from federal income
3 taxation of the interest on bonds of the nature authorized by
4 this section.

5 SECTION 5. The authorization to issue special purpose
6 revenue bonds under this Act shall lapse on [~~June 28, 2015.~~]
7 June 30, 2020."

8 SECTION 2. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 3. This Act shall take effect on June 27, 2015.

11

INTRODUCED BY:

Robert J. Jones

JAN 22 2015



H.B. NO. 241

Report Title:

SPRB; Honolulu Seawater Air Conditioning LLC

Description:

Extends the authorization to issue special purpose revenue bonds for Honolulu Seawater Air Conditioning LLC.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.





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Testimony on

H.B. 241
RELATING TO SEAWATER AIR CONDITIONING

Before the
House of Representatives
COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Tuesday, February 10, 2015
By
Eric Masutomi, CEO and President
Honolulu Seawater Air Conditioning, LLC

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

Honolulu Seawater Air Conditioning (HSWAC) strongly supports H.B. 241 which extends the authorization to issue \$48 million in special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning district cooling system on Oahu.

Over the past several sessions, the Hawaii State Legislature authorized a total of \$145M in SPRBs for the HSWAC project. \$48 million of the total were authorized by the Legislature in 2010 and expire June 28, 2015. This bill extends this SPRB authorization from June 28, 2015 to June 30, 2020.

HSWAC's Downtown Honolulu Seawater Air Conditioning project will service approximately 14 million square feet of downtown building space. In addition to the compelling environmental and renewal energy benefits associated with deep water cooling, the project will generate more than \$250 million of dollars in construction spending and create more than 1,500 construction jobs in 2015 through 2017. In addition, it would create long-term, high-value employment opportunities and establish the State as a leading authority on the development and installation of seawater air conditioning systems throughout the Asia-Pacific region. Other local economic benefits would accrue from money that stays in Hawaii and is not exported outside the State to purchase oil.

Previous unprecedented disruptions in the financial markets and longer-than-expected permitting and regulatory reviews caused HSWAC to postpone the earlier sale of SPRBs. Current markets have improved and there is now suitable interest in financing this renewable energy project. In addition to State of Hawaii SPRBs, the balance of HSWAC funding consists of taxable revenue bonds and equity investment. With an anticipated construction start later this year, HSWAC expects to use all of its authorized SPRBs within the next three years. The requested SPRBs are an important element in providing economically feasible project financing.

Thank you for this opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Tuesday, February 10, 2015 — 9:00 a.m. — Room 312

Ulupono Initiative Strongly Supports HB 241, Relating to Seawater Air Conditioning

Dear Chair Kawakami, Vice Chair Kong, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 241, which will extend the authorization for the issuance of Special Purpose Revenue Bonds (SPRBs) to Honolulu Seawater Air Conditioning LLC (HSWAC) for an additional five years, because it aligns with our goal of producing more clean, renewable energy in Hawai'i. As Hawai'i's energy issues become more complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production.

We support HSWAC's request because we believe seawater air conditioning technology is proven and will help replace the energy-intensive central refrigeration system of a traditional air-conditioning system. HSWAC is targeting buildings that could benefit from substantial savings on electricity and water consumption, system replacement costs, and maintenance costs. By using 44 degree seawater via a freshwater loop instead of electricity to cool buildings, electricity costs can be cut by 75% and save an estimated 77 million kilowatt-hours of power a year, which is equivalent to a 20 megawatt wind farm or a 40 megawatt solar farm. That is enough to power more than 10,000 homes a year and eliminate the need to burn 178,000 barrels of oil a year. HSWAC is one of the State's largest energy efficiency projects.

This technology is known to provide substantial savings of energy and fresh water, both of which are critical to our economy and sustainability. HSWAC will reduce potable water consumption for air conditioning by 260 million gallons, reduce sewage production up to 84 million gallons per year, and avoids 84,000 tons of carbon dioxide (15,000 cars). In addition, it will also help the State move closer to its HCEI clean energy goals. This

Investing in a Sustainable Hawai'i

designation will help to spur greater success in energy efficiency projects that can help Hawai'i become less dependent on imported fossil fuels.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner